

CENTRAL INTELLIGENCE AGENCY

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16 construction engineers and several draughtsmen are employed. (fnu) Liebs (with one construction engineer and several draughtsmen), heads the section responsible for machine construction. (fnu) Melzer is in charge of research, a section not yet fully in operation. (fnu) Rudolph, with three engineers, is responsible for ordering materials and for seeing to it that construction deadlines are met. Rudolph has connections with western firms, and he handles all orders with them.

3. The Bureau presently employs a total of about 65 persons, 13 of whom are commercial employees, and the rest, engineers, technicians, and draughtsmen. The Bureau has three cars and drivers at its disposal. With the exception of some who were employed because of their political affiliation, the majority of the engineers are highly skilled. According to source, the majority of the engineers react passively to Communistic influence. It is presently planned to increase the number of employees at the Bureau to 200. The necessary office space for this number has already been prepared. 25X1
4. Of the many projects now facing the Bureau, the construction of a steel and rolling mill in Brandenburg an der Havel holds first priority. Second priority is the rolling mill to be constructed at Kirchmoeser. This rolling mill is to be called Walzwerk Willi Becker, named after the deceased director of the Hauptabteilung Metallurgie. Other projects in order of their priority are the following: a rolling mill at Ilseburg/Harz, a steel plant at Doehlen/Freititz II, and expansion of the steel plant Hennigsdorf.
5. Present plans call for the first furnace at the new steel plant Brandenburg to go into operation on 28 July 1950, since this day will be marked by the opening ceremonies of the SED party convention. Minister Selbmann, upon a request from the SED, ordered this deadline. The Brandenburg plant is being equipped with 10 Siemens-Martin furnaces, each with a capacity of 120 tons. Continual production will be carried on with 9 of the furnaces. The rolling mill will be constructed next to the steel plant. Negotiations are under way with western firms such as DEMAG, Duisburg, for the delivery of machinery. Since the East German firms are not able to build the necessary cranes, these cranes are being ordered from MAN and DEMAG. The firm Hentschel in Kassel has supplied a Diesel locomotive.
6. All efforts have been made to secure machinery and installations, needed by the steel plants and rolling mills, in the East Zone itself. The East Zone is suffering, however, from a shortage of special machines, especially heavy machine tools, as for example, forge hammers from 150 to 600 kilograms. Special machines for manufacturing large gears are lacking. East Germany cannot even provide enough cables for the cranes of a suitable quality to insure safety. The shortage of alloyed steel (refined steel) is a very serious bottle-neck. The supply of both hematite and soft coal for use in East Zone steel plants is also insufficient. Since these deficiencies can only be relieved by West Germany, the Central Construction Bureau must often suggest to the Ministry of Industry that refined steel, special installations, or special machines be ordered from the West.*
7. The East German economy suffers, however, not only from a shortage of refined steel, but also from a real shortage of ordinary carbon steel for constructional use.** This shortage of basic construction material may make it impossible for the Central Construction Bureau to meet its deadlines. At a recent

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meeting at the central trade office of the Hauptabteilung Metallurgie it was learned that at present only 500 of the 8,800 tons of ordinary steel currently needed in the Bureau's projects could be supplied. The Ministry of Industry notified the Central Control Commission, since sabotage was suspected.

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* [] Comment. Every such suggestion makes Minister Selbmann very indignant since he believes East Zonal industry to be capable of higher achievement than it in reality is.

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** [] Comment. Notices in the East press to the effect that there is an over-production of ordinary steel in the East Zone are misleading. All such figures include steel being shipped to Russia on reparations orders. At present a large percentage of this steel is being turned down by the Russians on account of its inferior quality. This rejected steel is not immediately placed at the disposal of East German industry, however. Before this can be effected a great deal of red tape must be gone through, with the final decision often in the hands of the Russians.

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